L-3 Communications Corp. Pays U.S. $4 Million to Settle Overbilling Allegations on Iraq War Contract

WASHINGTON - L-3 Vertex Aerospace, a subsidiary of L-3 Communications Corp., has paid the U.S. $4 million to settle allegations that the company submitted false and inflated claims to the Army for hours worked by the firm’s employees on a contract supporting military operations by the United States in Iraq, the Justice Department announced today.

L-3 Vertex Aerospace, based in Madison, Miss., has an ongoing contract with the U.S. Army to provide helicopter maintenance services at Camp Taji, Iraq. The settlement announced today resolves allegations that L-3 submitted false time records and inflated claims for hours worked by company employees at Camp Taji, during periods from March 2004 through August 2005.

"The Justice Department is committed to pursuing vigorously all those who knowingly submit false claims with respect to military contracts, particularly in a time of war," said Gregory G. Katsas, Assistant Attorney General for the Civil Division.

The settlement resolves the lawsuit filed on behalf of the U.S. government by former L-3 employee Henry W. Roderigas, who received $720,000 as his share of the recovery in the case. Under the False Claims Act, private citizens can bring suit on behalf of the United States and share in any recovery obtained by the government.

"This settlement demonstrates our commitment to protecting the operations of our armed forces from fraud and abuse," said David E. Nahmias, U.S. Attorney for the Northern District of Georgia. "Every military contractor that submits claims must ensure that its claims are billed appropriately. We will continue to vigorously pursue defense contractors that disregard billing requirements."

"The Pentagon's Defense Criminal Investigative Service will aggressively pursue any and all allegations of fraud and abuse perpetrated on the U.S. Department of Defense," said Sharon Woods, Defense Criminal Investigative Service director. "Our constant focus is on ensuring taxpayer dollars are not wasted or stolen and on protecting America's warfighters."

"This settlement should not go unnoticed by others who do business with the U.S. government and the U.S. Army, as we expect all who work shoulder to shoulder with us in the Global War on Terrorism to do so with the upmost accountability and integrity," said Brigadier General Rodney Johnson, Commanding General, U.S. Army Criminal Investigation Command.

The litigation and settlement of this case were conducted by the U.S. Attorney's Office for the Northern District of Georgia and the Justice Department's Civil Division.

The case was investigated by the Defense Criminal Investigative Service of the Inspector General for the Department of Defense, the U.S. Department of the Army Criminal Investigation Command - Major Procurement Fraud Unit, and the Defense Contract Audit Agency.

This case was prosecuted as part of a National Procurement Fraud Initiative. In October 2006, the Deputy Attorney General announced the formation of a National Procurement Fraud Task Force designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in government contracting activity for national security and other government programs. The Procurement Fraud Task Force is chaired by the Assistant Attorney General for the Criminal Division and includes the Civil Division, the U.S. Attorneys' Offices, the FBI, the U.S. Inspectors General community and a number of other federal law enforcement agencies. This case, as well as others brought by members of the task force, demonstrate the Justice Department's commitment to helping ensure the integrity of the government procurement process.

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